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NOTE

From: Presidency
To: Permanent Representatives Committee

Subject: Multiannual Financial Framework (MFF) 2021-2027
- progress report
- approval of a letter

I. INTRODUCTION

1. In May 2018, the Commission adopted a package of horizontal proposals on the Multiannual Financial Framework (MFF) for the years 2021 to 2027 which consisted of a Council Regulation, an Interinstitutional Agreement on budgetary discipline, a Council Decision, two Council Regulations, a Council amending Regulation on Own Resources of the EU, a Regulation of the European Parliament and the Council on the protection of the Union's budget (RoL). In addition the Commission adopted, between May 2018 and June 2019, 43 sectoral proposals complementing the MFF package and an additional one in March 2019.
2. Following the invitation from COREPER to the European Economic and Social Committee (EESC) and to the Committee of the Regions (CoR)¹, the EESC adopted on 19 September 2018 its opinion on the MFF package² and the CoR adopted its opinion on 9 October 2018³.

¹ Doc. ST 10993/18
² Doc. ST 12651/18
³ Doc. ST 13294/18

3. On its own initiative, the Court of Auditors provided an opinion concerning the RoL proposal⁴.
4. Delegations prepared partial general approaches or partial mandates on 31 files under the chairmanship of the Austrian and Romanian Presidencies. An agreement was also reached on the Council Regulation on State Aids. Moreover, under the Romanian Presidency and without prejudice to the final outcome of the horizontal negotiations on the MFF, the Council and the European Parliament reached common understandings on 10 sectoral proposals⁵.
5. On 11 December 2018, the **General Affairs Council** discussed a draft of the Negotiating Box prepared under the Austrian Presidency⁶. On 14 December 2018, the **European Council** welcomed the intensive preparatory work and called on the Romanian Presidency to continue that work and develop an orientation for the next stage of the negotiations.⁷
6. On 18 June 2019, the **General Affairs Council** discussed a revised draft of the Negotiating Box prepared by the Romanian Presidency⁸. On 20 June 2019, the **European Council** welcomed the work done and called on Finland's Presidency to pursue the work and to develop the Negotiating Box.⁹
7. On 18 July 2019, the Finnish Presidency expressed its intention to make as much progress as possible on sectoral files and to prepare for the final stages of the MFF negotiations.

II. PROGRESS AT HORIZONTAL LEVEL

8. From July to November the Finnish Presidency organised thematic discussions, at technical level on flexibility, statistical update, gender mainstreaming, duration of the programmes, digitalisation, CAP, BICC and compensations.
9. In September 2019, the Finnish Presidency held bilateral meetings at Ministerial level, on the basis of a questionnaire sent by the Presidency during the summer.

⁴ Doc. ST 11707/18

⁵ doc. ST 7946/19

⁶ doc. ST 14759/18

⁷ doc. EUCO 17/18

⁸ doc. ST 10010/1/19

⁹ doc. EUCO 9/19

10. Ahead of the October meeting of the European Council, the Presidency shared its views on a possible middle ground and way forward regarding the overall level, the volumes of main policy areas, the financing, including revenues and corrections, as well as the conditionalities and incentives in the next MFF.
11. Further to a presentation by the Presidency, the European Council then held an exchange of views on these issues. In light of this discussion, it called on the Presidency to submit a Negotiating Box with figures ahead of the European Council in December 2019.¹⁰
12. On 2 December 2019, the Finnish Presidency presented a Negotiating Box with figures drawn up and developed under the responsibility of the Presidency. It was discussed on 4 December by the COREPER and 10 December 2019 by the General Affairs Council¹¹.
13. On 12 December 2019, following the presentation of the Negotiating Box with figures by the Presidency, the European Council discussed the main features of the next Multiannual Financial Framework and called on its President to take the negotiations forward with the aim of reaching a final agreement.¹²

III. PROGRESS AT SECTORAL LEVEL AND WITH THE EUROPEAN PARLIAMENT

14. Since July 2019 the Finnish Presidency has continued the work started under the previous Presidencies.
15. The Council has achieved a partial mandate on the Union Civil Protection Mechanism, and progress among others on the European Maritime and Fisheries Fund (EMFF), the Horizon Europe Regulation, the three proposed CAP Regulations (CAP Strategic plans, Financing, management and monitoring of the CAP, Common organisation of the markets) as well as the Neighbourhood, Development and International Cooperation Instrument (NDICI).

¹⁰ doc. EUCO 23/19

¹¹ doc. ST 14518/1/19

¹² doc. EUCO 29/19

16. Moreover, since September 2019 and without prejudice to the final outcome of the horizontal negotiations on the MFF, the Finnish Presidency and the European Parliament have initiated and restarted negotiations on several sectoral regulations. Significant progress was made on the Interreg Regulation, the Common Provisions Regulation, and the Customs programme. Progress has also been made on Erasmus, Creative Europe, the European Solidarity Corps, the European Social Fund +, the European Regional Development and Cohesion Funds, the EMFF, the Internal Security Fund, the Border Management and Visa Instrument, the Asylum and Migration Fund, NDICI and the Instrument for Pre-accession Assistance (IPA III regulation).
17. On 18 December, the Finnish Presidency requested COREPER to confirm the Common Understanding reached on the Customs Control Equipment instrument.

IV. CONCLUSION

18. COREPER is invited to endorse the letter in Annex I to be sent with this report together with the text of any new common understandings on behalf of the Council to the European Parliament in accordance with the Council's Rules of Procedure (Article 19(7)(k)).

Draft letter from the Presidency on behalf of the Council to the European Parliament

[Address]

Following the European elections and the confirmation by the European Parliament of its new Rapporteurs, the co-legislators were able to continue the negotiations on the Multiannual Financial Framework 2021-2027 sectoral files.

On many proposals, detailed technical work and ambitious political exchanges allowed for significant progress. [A common understanding was also found between the negotiators on the Customs Control Equipment instrument, while elements in brackets were left outside the scope of negotiations. The common understanding has now been confirmed by the Council.]

The good relations between the Council and the European Parliament were continued during second half of 2019, in line with the previous Presidencies. The progress report in Annex [accompanied by the text of the recent common understanding] demonstrates the constructive efforts made by both sides.

[Salutations and signature]

Annex:

- Progress report (doc. ST 14680/19) [and the text of the common understanding confirmed by the Council.]
